

**Phonographic Performance Limited**  
**Balance Sheet as at March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|  | Note | As at<br>March 31, 2018    | As at<br>March 31, 2017    |
|--|------|----------------------------|----------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                            |                            |
| Reserves and Surplus   | 3    | 9,32,65,545                | 9,11,13,860                |
|  |      | <u>9,32,65,545</u>         | <u>9,11,13,860</u>         |
| <b>Non-Current Liabilities</b>   |      |                            |                            |
| Other Long-Term Liabilities  | 4    | 8,82,21,271                | 8,89,21,271                |
| Long-Term Provisions   | 5    | 64,15,420                  | 1,99,69,559                |
|  |      | <u>9,46,36,691</u>         | <u>10,88,90,830</u>        |
| <b>Current Liabilities</b>   |      |                            |                            |
| Trade Payables   | 6    |                            |                            |
| Total outstanding dues of Micro Enterprises and Small Enterprises                      |      | 1,351                      | 67,813                     |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises |      | 30,50,58,047               | 43,63,85,882               |
| Other Current Liabilities  | 7    | 7,98,15,720                | 10,48,03,499               |
| Short-Term Provisions  | 8    | 29,41,900                  | 49,00,033                  |
|  |      | <u>38,78,17,018</u>        | <u>54,61,57,227</u>        |
| <b>TOTAL</b>   |      | <u><b>57,57,19,254</b></u> | <u><b>74,61,61,917</b></u> |
| <b>ASSETS</b>  |      |                            |                            |
| <b>Non-Current Assets</b>  |      |                            |                            |
| Fixed Assets   |      |                            |                            |
| Tangible Assets  | 9    | 2,17,81,671                | 2,15,82,028                |
| Intangible Assets  | 10   | 23,57,892                  | 27,95,268                  |
| Deferred Tax Assets (Net)  | 11   | 27,54,204                  | 81,56,753                  |
| Long-Term Loans and Advances   | 12   | 12,96,14,159               | 14,11,85,564               |
|  |      | <u>15,65,07,926</u>        | <u>17,37,19,613</u>        |
| <b>Current Assets</b>  |      |                            |                            |
| Trade Receivables  | 13   | 7,17,74,564                | 11,28,54,680               |
| Cash and Bank Balances   | 14   | 33,48,62,357               | 28,28,02,126               |
| Short-Term Loans and Advances  | 15   | 1,12,42,163                | 3,91,05,037                |
| Other Current Assets   | 16   | 13,32,244                  | 13,76,80,461               |
|  |      | <u>41,92,11,328</u>        | <u>57,24,42,304</u>        |
| <b>Total</b>   |      | <u><b>57,57,19,254</b></u> | <u><b>74,61,61,917</b></u> |
| Summary of Significant Accounting Policies   | 2    |                            |                            |
| Contingent Liabilities   | 17   |                            |                            |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.

**For Price Waterhouse**  
Firm Registration Number: 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Phonographic Performance Limited**

Sd/-  
**Asha Ramanathan**  
Partner  
Membership No. 202660

Sd/-  
**Mandar Thakur**  
Director  
DIN. 05333792

Sd/-  
**Vinit Thakkar**  
Director  
DIN. 08050943

Place: Mumbai  
Date: 31st August 2018

Place: Mumbai  
Date: 28th August 2018

Place: Mumbai  
Date: 28th August 2018

**Phonographic Performance Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|   | Note | Year Ended<br>March 31, 2018 | Year Ended<br>March 31, 2017 |
|---|------|------------------------------|------------------------------|
| Revenue from Operations (Net)                   | 19   | 27,17,53,102                 | 35,23,26,520                 |
| Other Income                                    | 20   | 1,04,22,131                  | 2,27,25,731                  |
| <b>Total Revenue</b>                            |      | <b>28,21,75,233</b>          | <b>37,50,52,251</b>          |
| <b>Expenses</b>                                 |      |                              |                              |
| Employee Benefits Expense                       | 21   | 10,55,79,893                 | 12,88,06,430                 |
| Depreciation and Amortisation Expense           | 22   | 45,18,374                    | 54,14,891                    |
| Other Expenses                                  | 23   | 16,45,22,733                 | 22,99,56,890                 |
| <b>Total Expenses</b>                           |      | <b>27,46,21,000</b>          | <b>36,41,78,211</b>          |
| <b>Profit Before Tax</b>                        |      | <b>75,54,233</b>             | <b>1,08,74,040</b>           |
| <b>Tax Expense</b>                              |      |                              |                              |
| Current Year                                    |      |                              |                              |
| Current Tax                                     |      | -                            | 90,00,000                    |
| Minimum Alternate Tax (MAT)                     |      | 14,39,459                    | -                            |
| Less: Minimum Alternative Tax Credit Receivable |      | (14,39,459)                  | -                            |
| Earlier Years                                   |      | -                            | (2,01,519)                   |
| Deferred Tax charge/ (Credit)                   |      | 54,02,548                    | (41,80,570)                  |
| <b>Profit for the Year</b>                      |      | <b>21,51,685</b>             | <b>62,56,129</b>             |

Earning Per Share - Basic and Diluted\*

\*Not Applicable as the Company is limited by guarantee and not having share capital.

Summary of Significant Accounting Policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.

**For Price Waterhouse**  
Firm Registration Number: 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Phonographic Performance Limited**

Sd/-  
**Asha Ramanathan**  
Partner  
Membership No. 202660

Sd/-  
**Mandar Thakur**  
Director  
DIN. 05333792

Sd/-  
**Vinit Thakkar**  
Director  
DIN. 08050943

Place: Mumbai  
Date: 31st August 2018

Place: Mumbai  
Date: 28th August 2018

Place: Mumbai  
Date: 28th August 2018

**Phonographic Performance Limited**  
**Cash Flow Statement for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| <b>A. Cash flow from Operating activities</b>                             |                              |                              |
| Net profit before tax   | 75,54,233                    | 1,08,74,040                  |
| <b>Adjusted for:</b>  |                              |                              |
| Depreciation and Amortisation Expense                                     | 45,18,374                    | 54,14,891                    |
| Sundry debtors written off, now recovered                                 | (17,85,894)                  | (75,23,451)                  |
| Profit/(Loss) on Sale/Scrap of Fixed Assets (Net)                         | 13,14,011                    | (4,497)                      |
| Liabilities no Longer Required Written Back                               | (10,82,004)                  | (43,28,241)                  |
| Interest Income   | (75,52,733)                  | (1,07,81,519)                |
| <b>Operating Profit / (Loss) before Working Capital changes</b>           | <b>29,65,987</b>             | <b>(63,48,777)</b>           |
| (Decrease)/ Increase in Trade Payables                                    | (13,03,12,293)               | 11,11,65,943                 |
| Decrease in Other Liabilities   | (2,56,87,779)                | (2,27,37,776)                |
| (Decrease)/ Increase in Provisions  | (1,55,12,272)                | 1,12,13,800                  |
| Decrease in Trade Receivables   | 4,28,66,010                  | 8,64,85,686                  |
| Decrease in Other Current Assets  | 13,73,29,152                 | 2,30,64,283                  |
| Decrease/ (Increase) in Loans and Advances                                | 2,75,74,005                  | (7,62,634)                   |
| <b>Cash generated from Operations</b>                                     | <b>3,92,22,810</b>           | <b>20,20,80,525</b>          |
| Taxes Refund [Net]  | 1,18,60,275                  | 1,35,85,841                  |
| <b>Net cash from Operating activities (A)</b>                             | <b>5,10,83,085</b>           | <b>21,56,66,366</b>          |
| <b>B. Cash flow from Investing activities</b>                             |                              |                              |
| Purchase of Fixed Assets  | (63,91,440)                  | (40,03,729)                  |
| Sale of Fixed Assets  | 7,96,788                     | 14,301                       |
| Interest Received   | 65,71,798                    | 1,04,30,210                  |
| <b>Net cash from Investing activities (B)</b>                             | <b>9,77,146</b>              | <b>64,40,782</b>             |
| <b>C. Cash flow from Financing activities</b>                             |                              |                              |
| <b>Net cash (used in) Financing activities (C)</b>                        | <b>-</b>                     | <b>-</b>                     |
| <b>D. Net increase in Cash and cash equivalents (A+B+C)</b>               | <b>5,20,60,231</b>           | <b>22,21,07,148</b>          |
| <b>E. Cash and Cash Equivalents as at April 1, 2017 (Opening Balance)</b> | 28,28,02,126                 | 6,06,94,978                  |
| <b>F. Cash and Cash Equivalents at March 31, 2018 (Closing Balance)</b>   | 33,48,62,357                 | 28,28,02,126                 |
| <b>G. Components of Cash and Cash Equivalents (Refer Note 14)</b>         |                              |                              |
| Balance with Banks:   |                              |                              |
| In Current Accounts   | 18,36,50,492                 | 17,34,75,023                 |
| In Fixed Deposits with original maturity of less than 3 months            | 10,08,22,356                 | 10,93,27,103                 |
| Other Bank Balances:  |                              |                              |
| Deposits with maturity more than 3 months but less than 12 months         | 5,03,89,509                  | -                            |
| <b>Total Cash and Cash Equivalents</b>                                    | <b>33,48,62,357</b>          | <b>28,28,02,126</b>          |

**Notes:**

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on "Cash Flow Statements" notified under section 211(3C) of the Companies Act, 1956.
- Cash and cash equivalents at the end of the year represents cash and bank balances.
- Previous year's figures have been regrouped / reclassified wherever applicable.

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.

**For Price Waterhouse**  
Firm Registration Number: 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Phonographic Performance Limited**

Sd/-  
**Asha Ramanathan**  
Partner  
Membership No. 202660

Sd/-  
**Mandar Thakur**  
Director  
DIN. 05333792

Sd/-  
**Vinit Thakkar**  
Director  
DIN. 08050943

Place: Mumbai  
Date: 31st August 2018

Place: Mumbai  
Date: 28th August 2018

Place: Mumbai  
Date: 28th August 2018

**Phonographic Performance Limited**  
**Notes to Financial Statements as at and for the year ended March 31, 2018**

**Note 1**  
**General Information**

The Indian Phonographic Industry (IPI), the Association of Phonogram Producers, was established in 1936, and it was instrumental in finalising the Broadcasting Licence arrangement in India. Subsequently, IPI members decided to form a specialised body to administer their Public Performance and Broadcasting Rights, so Phonographic Performance Limited (PPL) came into being and was registered and incorporated as a Company on April 24, 1941. PPL is a Company limited by Guarantee and not having a share capital, where liability of the members is limited. IPI changed its name to The Indian Music Industry (IMI) in 1994.

PPL had been functioning as the Performing Rights Society for Sound Recordings. After the amendments in copyright law in 1994, PPL was registered with the Registrar of Copyrights, Government of India, as Copyright Society in respect of Sound Recordings.

PPL is mainly engaged in administering the radio Broadcasting and Public Performance Rights of the music labels which are its members. The main object of the Company includes issuing or granting licence for the public performance of sound recordings and distributing the royalties, after recoupment of expenses and out-gos, to members. The head office at Mumbai, Maharashtra, is the sole and central office for issue of licences, invoices, collection and accounting of royalty/licence fee payments.

Pursuant to the 2012 Amendment to the Copyright Act with effect from 21.6.2012, more specifically in Chapter VII and the newly inserted second proviso to Section 33 (3A) read with the new Copyright Rules 2013, seeking Copyright Societies to re-register, the Company, had within the one year period available to apply for re-registration, applied for the same on 10.5.2013. Since the Company did not get any response from the Central Government, the Company, vide its letter to the Central Government dated 20.5.2014 has, inter alia, withdrawn its application for re-registration and has declared to have ceased to be a 'copyright society' under Chapter VII and Section 33 of the Copyright Act, as amended. Having taken appropriate steps and documentation, the Company continues to grant licences, under Section 30 of the Copyright Act.

During its tenure as a registered copyright society, the Company did not receive any grant, subsidy, concession, finance or equity from the government.

**Note 2**  
**Summary of Significant Accounting Policies**

**2.1 Basis of Preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule III (Division I) to the Companies Act, 2013. Based on the nature of services provided and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**2.2 Change in Accounting Policy**

Effective 1st April, 2014 the Company has with retrospective effect, changed its policy of providing depreciation on fixed assets. The depreciation is now provided on Straight Line Method (SLM) based on useful life prescribed in the Schedule II of the Companies Act, 2013 as against Written Down Value (WDV) method followed earlier.

**2.2 Tangible Assets**

Tangible Assets are stated at cost of acquisition inclusive of all attributable cost of bringing the same to their working condition, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs related to an item of tangible asset are recognised in the carrying amount of the item if the recognition criteria are met.

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book carrying amount and net realisable value and are shown separately in the financial statements. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.

## Phonographic Performance Limited

### Notes to Financial Statements as at and for the year ended March 31, 2018

An item of tangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of assets, based on life prescribed under Schedule II of the Companies Act, 2013, except for Leasehold Improvements are amortised over the period of lease. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

| <b>Assets</b>          | <b>Useful Life</b> |
|------------------------|--------------------|
| Building               | 60 years           |
| Computers              | 3 years to 6 years |
| Office Equipments      | 5 years            |
| Furniture and Fittings | 10 years           |
| Motor Car              | 8 years            |

### 2.3 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised based on Straight Line method. The amortization rates used are:

| <b>Assets</b>     | <b>Rate</b> |
|-------------------|-------------|
| Computer Software | 25%         |

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

### 2.4 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the asset's net selling price or estimated future cash flows, which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and asset is reflected at the recoverable amount.

### 2.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### 2.6 Foreign Currency Translation

#### Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

#### Subsequent Recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

## Phonographic Performance Limited

### Notes to Financial Statements as at and for the year ended March 31, 2018

#### 2.7 Revenue Recognition

Licence Fees income from Broadcasting, Mobile and Digital is generally recognised on accrual basis (except where there are significant uncertainties) based on usage report submitted by licensees at rates and/or minimum guarantee rates as per agreements with those parties. License Fees income in Broadcasting includes All India Radio (AIR), Private Frequency Modular (FM) and Community Radio; in Mobile and Digital includes Ring Back Tone, Mobile Streaming, Audio Streaming and Webcasting.

Licence Fees income from Public Performance is generally recognised in the year of grant/issue of licences.

#### 2.8 Other Income

**Interest:** Interest Income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

#### 2.9 Employee Benefits

##### Defined Contribution Plans

**Provident Fund:** Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity:** The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972 and gratuity trust deed. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**Termination Benefits:** Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

#### 2.9 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

## **2.10 Provisions and Contingent Liabilities**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **2.11 Leases**

### **As a Lessee:**

**Operating Lease:** Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

## **2.12 Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## **2.13 Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles in India which requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include future obligations under employee retirement benefit plans, income taxes, the useful lives of tangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

**Phonographic Performance Limited**  
**Notes to Financial Statements as at and for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|  | <u>As at<br/>March 31, 2018</u> | <u>As at<br/>March 31, 2017</u> |
|--|---------------------------------|---------------------------------|
| <b>Note 3</b>  |                                 |                                 |
| <b>Reserves and Surplus</b>  |                                 |                                 |
| General Reserve  | 40,31,990                       | 40,31,990                       |
| Surplus in Statement of Profit and Loss  |                                 |                                 |
| Balance as at the beginning of the year  | 8,70,81,870                     | 8,08,25,741                     |
| Profit for the year  | 21,51,685                       | 62,56,129                       |
| Balance as at the end of the year  | <u>8,92,33,555</u>              | <u>8,70,81,870</u>              |
| <b>Total</b>   | <b><u>9,32,65,545</u></b>       | <b><u>9,11,13,860</u></b>       |
| <b>Note 4</b>  |                                 |                                 |
| <b>Other Long-Term Liabilities</b>   |                                 |                                 |
| Security Deposits from Licensees   | 6,67,24,305                     | 6,74,24,305                     |
| Advances Received from Licensees   | 2,14,96,966                     | 2,14,96,966                     |
| <b>Total</b>   | <b><u>8,82,21,271</u></b>       | <b><u>8,89,21,271</u></b>       |
| <b>Note 5</b>  |                                 |                                 |
| <b>Long-Term Provisions</b>  |                                 |                                 |
| Provision for Employee Benefits  |                                 |                                 |
| Provision for Gratuity (Refer Note 28)   | 15,93,831                       | 92,96,903                       |
| Provision for Compensated Absences   | 48,21,589                       | 1,06,72,656                     |
| <b>Total</b>   | <b><u>64,15,420</u></b>         | <b><u>1,99,69,559</u></b>       |
| <b>Note 6</b>  |                                 |                                 |
| <b>Trade Payables</b>  |                                 |                                 |
| Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 32)      | 1,351                           | 67,813                          |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 30,50,58,047                    | 43,63,85,882                    |
| <b>Total</b>   | <b><u>30,50,59,398</u></b>      | <b><u>43,64,53,695</u></b>      |
| <b>Note 7</b>  |                                 |                                 |
| <b>Other Current Liabilities</b>   |                                 |                                 |
| Advances Received from Licensees   | 86,79,090                       | 5,37,70,148                     |
| Statutory Dues including Provident Fund and Tax Deducted at Source                     | 4,31,23,537                     | 3,97,33,232                     |
| Payable to Employees   | 80,13,093                       | 1,13,00,119                     |
| Others (Refer Note 27)   | 2,00,00,000                     | -                               |
| <b>Total</b>   | <b><u>7,98,15,720</u></b>       | <b><u>10,48,03,499</u></b>      |
| <b>Note 8</b>  |                                 |                                 |
| <b>Short-Term Provisions</b>   |                                 |                                 |
| Provision for Employee Benefits  |                                 |                                 |
| Provision for Gratuity (Refer Note 28)   | 27,18,234                       | 43,29,813                       |
| Provision for Compensated Absences   | 2,23,666                        | 5,70,220                        |
| <b>Total</b>   | <b><u>29,41,900</u></b>         | <b><u>49,00,033</u></b>         |



**Phonographic Performance Limited**  
**Notes to Financial Statements as at and for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|                                  | <u>As at<br/>March 31, 2018</u> | <u>As at<br/>March 31, 2017</u> |
|----------------------------------|---------------------------------|---------------------------------|
| <b>Note 11</b>                   |                                 |                                 |
| <b>Deferred Tax Assets (Net)</b> |                                 |                                 |
| Deferred Tax Assets:             |                                 |                                 |
| Provision for Employee Benefits  | 26,03,206                       | 82,21,887                       |
| Other Timing differences         | 9,82,945                        | 16,61,137                       |
| Deferred Tax Liabilities:        |                                 |                                 |
| Depreciation                     | 8,31,947                        | 17,26,271                       |
| <b>Deferred Tax Assets (Net)</b> | <u><b>27,54,204</b></u>         | <u><b>81,56,753</b></u>         |

Note: Deferred Tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws

|   |                            |                            |
|---|----------------------------|----------------------------|
| <b>Note 12</b>  |                            |                            |
| <b>Long-Term Loans and Advances</b>   |                            |                            |
| [Unsecured, Considered Good (unless otherwise stated)]                              |                            |                            |
| Advances Recoverable in Cash or in Kind or for Value to be Received                 | 1,40,44,427                | 1,41,42,771                |
| Security Deposits   | 21,26,107                  | 14,14,837                  |
| Balance with Government Authorities   | 1,17,33,706                | 1,06,18,303                |
| Advance Income Tax [Net of Provision Rs.28,039,460 (March 31, 2017: Rs.26,600,000)] | 10,17,09,919               | 11,50,09,653               |
| <b>Total</b>  | <u><b>12,96,14,159</b></u> | <u><b>14,11,85,564</b></u> |

|  |                           |                            |
|--|---------------------------|----------------------------|
| <b>Note 13</b>   |                           |                            |
| <b>Trade Receivables</b>   |                           |                            |
| Unsecured, considered good:  |                           |                            |
| Outstanding for a period exceeding six months from the date they are due for payment | 2,51,208                  | 2,09,50,091                |
| Others   | 7,15,23,356               | 9,19,04,589                |
| <b>Total</b>   | <u><b>7,17,74,564</b></u> | <u><b>11,28,54,680</b></u> |

**Phonographic Performance Limited**  
**Notes to Financial Statements as at and for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

|   | <u>As at</u><br><u>March 31, 2018</u> | <u>As at</u><br><u>March 31, 2017</u> |
|---|---------------------------------------|---------------------------------------|
| <b>Note 14</b>  |                                       |                                       |
| <b>Cash and Bank Balances</b>   |                                       |                                       |
| <b>Cash and Cash Equivalents (Refer Note 35)</b>                                      |                                       |                                       |
| Bank balances   |                                       |                                       |
| In Current Accounts (Refer Note 18)   | 18,36,50,492                          | 17,34,75,023                          |
| Demand Deposits (less than 3 months maturity)   | 10,08,22,356                          | 10,93,27,103                          |
| Other bank balances   |                                       |                                       |
| Deposits with maturity more than 3 months but less than 12 months (Refer Notes below) | 5,03,89,509                           | -                                     |
| <b>Total</b>  | <u><b>33,48,62,357</b></u>            | <u><b>28,28,02,126</b></u>            |

Notes: Includes Fixed Deposit amounting to Rs. 297,202 pertaining to unclaimed licence fee payable to ex-members who are not traceable. Notice to members has been sent through National and Regional new papers in April, 2017 for settlement or closure of license fee.

Also refer Note 27.

|   | <u>As at</u><br><u>March 31, 2018</u> | <u>As at</u><br><u>March 31, 2017</u> |
|---|---------------------------------------|---------------------------------------|
| <b>Note 15</b>  |                                       |                                       |
| <b>Short-Term Loans and Advances</b>                                |                                       |                                       |
| [Unsecured, Considered Good (unless otherwise stated)]              |                                       |                                       |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 37,51,926                             | 1,23,47,521                           |
| Prepaid Expenses  | 12,83,666                             | 13,93,490                             |
| Security Deposits   | 11,24,012                             | 26,08,300                             |
| Balance with Government Authorities                                 | 36,43,100                             | 2,27,55,726                           |
| Minimum Alternative Tax Credit Entitlement                          | 14,39,459                             | -                                     |
| <b>Total</b>  | <u><b>1,12,42,163</b></u>             | <u><b>3,91,05,037</b></u>             |

|  | <u>As at</u><br><u>March 31, 2018</u> | <u>As at</u><br><u>March 31, 2017</u> |
|--|---------------------------------------|---------------------------------------|
| <b>Note 16</b>   |                                       |                                       |
| <b>Other Current Assets</b>                            |                                       |                                       |
| [Unsecured, Considered Good (unless otherwise stated)] |                                       |                                       |
| Interest accrued on Deposits                           | 13,32,244                             | 3,51,309                              |
| Unbilled Income  | -                                     | 13,73,29,152                          |
| <b>Total</b>   | <u><b>13,32,244</b></u>               | <u><b>13,76,80,461</b></u>            |

**Phonographic Performance Limited**  
**Notes to Financial Statements as at and for the year ended March 31, 2018**  
*Amount in Rupees, unless otherwise stated*

**Note 17**  
**Contingent Liabilities**

(a) The service tax department had raised nine show cause-cum-demand notices amounting to Rs.337,369,979 (March 31, 2017: Rs.189,442,245) for the taxable value of services rendered under the category of "Club or Association" for the period June 16, 2005 to March 31, 2017. The Company had disputed the demands and had filed its written replies to the show cause-cum-demand notices and also attended personal hearings called for from time to time. Of which:

(i) The Commissioner of Service Tax, Mumbai-II vide Order in Original No. 21-23/ST-II/KKS/2010 dated November 30, 2010 confirmed service tax for the period June 16, 2005 to March 31, 2010 amounting to Rs.60,170,407 along with interest and imposed penalty of equivalent amount. However, the Company had challenged the Order by filing an appeal before the Customs Excise and Service Tax Appellate Tribunal, Mumbai ("CESTAT"). The Company had also applied for a waiver of pre-deposit of the amount of tax and penalties by filing a stay application. CESTAT, vide order no. S/170/12/CSTB/C-1 dated January 19, 2012, waived the requirement for pre-deposit of service tax, interest and various penalties and stayed recovery thereof during the pendency of the appeal. The appeal came up for final hearing on November 16, 2016 and subsequently CESTAT vide its Order no. A/86369-86371/17/STB dated March 16, 2017 allowed the Company's appeal. Subsequently, the Department has appealed against the said order before the Hon'ble Supreme Court and the same has been admitted in the month of November 2017. No provision has been made with regard to this demand as the Company is expecting a favourable order.

(ii) The Company received Order in Original No. 64-66/ST-II/RS/2014 dated August 28, 2014 passed by the Commissioner of Service Tax, Mumbai-II confirming demand of Rs.83,217,806 in the matter of Show cause-cum-demand notices for the period April 1, 2010 to March 31, 2013. The company has filed an appeal against this order on December 03, 2014 before the Customs Excise and Service Tax Appellate Tribunal and has also paid a pre-deposit of Rs.6,241,336 as per the provisions of the Act. The hearing has commenced in the current year. No provision has been made with regard to this demand as the Company is expecting a favourable order.

(iii) The Company also received Order in Original No. 08/ST-VI/RS/2014 dated December 31, 2014 passed by the Commissioner of Service Tax - VI, confirming demand of Rs.42,053,684 in the matter of Demand Notice for the period April 1, 2013 to March 31, 2014. The company has filed an appeal against this order on March 03, 2015 before the Customs Excise and Service Tax Appellate Tribunal and has also paid a pre-deposit of Rs.3,154,027 as per the provisions of the Act. The hearing has commenced in the current year. No provision has been made with regard to this demand as the Company is expecting a favourable order.

(iv) The Company during F.Y.2015-16 received another show cause cum demand notice for F.Y.2014-15 for Rs.44,637,052 dated January 29, 2016 in relation to the matter referred in para 17(a) above i.e., for the taxable value of services under the category of 'Club or Association' service. The hearing has commenced in the current year. No provision has been made with regard to this demand as the Company is expecting a favourable order.

(v) The Company during F.Y.2017-18 received another show cause cum demand notice for F.Y.2015-16 and F.Y.2016-17 for Rs.87,757,327/- dated February 15, 2018 in relation to the matter referred in para 17(a) above i.e., for the taxable value of services under the category of 'Club or Association' service. No provision has been made with regard to this demand as the Company is expecting a favourable order.

(vi) Subsequent to audit conducted by Service Tax department for F.Y.2010-11 and 2011-12, the Company received three Show cause-cum demand notices of Rs.106,594 dated January 22, 2014, Rs.152,259 dated January 13, 2014 and Rs.125,288 dated February 02, 2014 respectively based on audit observations. The Company had disputed the demands amounting to Rs.384,141 and filed its written replies to the said notices and also attended personal hearings called for from time to time. The Commissioner of Service tax, Mumbai vide Order in Original Nos. 04, 05 and 06 all dated May 28, 2015 received by the Company on June 17, 2015, confirmed service tax amounting to Rs.106,594, Rs.152,259 and Rs.125,288 respectively and imposed interest and penalty on the said amounts as adjudicated in the Order. The Company has filed an appeal against these orders on August 14, 2015 before the Hon'ble Commissioner of Central Excise - Appeals and has also paid a pre-deposit of Rs.19,414 as per the provisions of the Act.

During the year 2016-17, the Company received another Show Cause Cum Demand Notice on September 30, 2016 for Rs.19,149,562 for the period 2011-12 to 2012-13. The Company has disputed the demand and filed its written reply to the Show Cause Cum Demand Notice. Personal hearing is awaited. The Company is of the view that these demands have been erroneously made by the department and is confident of a favourable outcome, based on legal opinion obtained; hence no provision has been made in books of account.

(b) During the year ended March 31, 2016, Payment of Bonus Act, 1965 ('the Act') has been amended vide the Payment of Bonus (Amendment) Act, 2015. The Act has been amended to take retrospective effect w.e.f. April 01, 2014 and accordingly revised bonus (including arrears related to the year ended March 31, 2015) is required to be paid to the eligible employees. Based on stay orders from various High Courts across the country, the amendment to the Payment of Bonus Act to the extent that it gives retrospective effect from April 1, 2014 in respect of statutory bonus has not been recognised as a charge to the statement of profit and loss account but has been treated as contingent liability of Rs.2,392,644.

(c) During the year 2016-17, the company received Notice of Demand dated December 16, 2016 from the Deputy Commissioner of Income Tax for Rs.30,264,341 for non-disclosure of income of Rs.78,376,440 in the books of accounts for A.Y.2011-12 as compared with Form 26AS. The Company had filed an appeal against the said demand to CIT (Appeals) on January 16, 2017 and had paid 15% of the demand amounting to Rs. 4,539,650. The Commissioner of Income-tax (Appeals) vide its order dated February 26, 2018, allowed the appeal by reducing the addition made to income. The Income Tax department has filed an appeal against this order before the Tribunal.

**Phonographic Performance Limited**

**Notes to Financial Statements as at and for the year ended March 31, 2018**

*Amount in Rupees, unless otherwise stated*

**Note 9**

**Tangible Assets**

| Block of Assets        | Gross Block         |                  |                  |                      | Depreciation        |                  |                  |                      | Net Block            |                      |
|------------------------|---------------------|------------------|------------------|----------------------|---------------------|------------------|------------------|----------------------|----------------------|----------------------|
|                        | As at April 1, 2017 | Additions        | Disposal         | As at March 31, 2018 | As at April 1, 2017 | For the Year     | Disposal         | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Own Assets:            |                     |                  |                  |                      |                     |                  |                  |                      |                      |                      |
| Building               | 1,70,00,136         | -                | -                | 1,70,00,136          | 36,31,805           | 2,80,151         | -                | 39,11,956            | 1,30,88,180          | 1,33,68,331          |
| Leasehold Improvements | 40,78,805           | -                | 17,28,614        | 23,50,191            | 37,93,139           | 1,84,541         | 17,28,614        | 22,49,066            | 1,01,125             | 2,85,666             |
| Computers              | 1,06,67,957         | 9,11,503         | 31,86,716        | 83,92,744            | 87,17,574           | 11,77,434        | 29,60,729        | 69,34,279            | 14,58,465            | 19,50,383            |
| Office Equipment       | 49,28,868           | 13,32,537        | 3,39,410         | 59,21,995            | 37,25,450           | 7,12,559         | 3,23,301         | 41,14,708            | 18,07,287            | 12,03,418            |
| Furniture and Fixtures | 62,28,082           | 38,47,400        | 77,618           | 99,97,864            | 48,21,190           | 5,86,492         | 58,881           | 53,48,801            | 46,49,063            | 14,06,892            |
| Motor Car              | 74,80,138           | -                | 44,14,088        | 30,66,050            | 41,12,800           | 8,39,821         | 25,64,122        | 23,88,499            | 6,77,551             | 33,67,338            |
| <b>Total</b>           | <b>5,03,83,986</b>  | <b>60,91,440</b> | <b>97,46,446</b> | <b>4,67,28,980</b>   | <b>2,88,01,958</b>  | <b>37,80,998</b> | <b>76,35,647</b> | <b>2,49,47,309</b>   | <b>2,17,81,671</b>   | <b>2,15,82,028</b>   |

| Block of Assets        | Gross Block         |                  |                 |                      | Depreciation        |                  |                 |                      | Net Block            |                      |
|------------------------|---------------------|------------------|-----------------|----------------------|---------------------|------------------|-----------------|----------------------|----------------------|----------------------|
|                        | As at April 1, 2016 | Additions        | Disposal        | As at March 31, 2017 | As at April 1, 2016 | For the Year     | Disposal        | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Own Assets:            |                     |                  |                 |                      |                     |                  |                 |                      |                      |                      |
| Building               | 1,70,00,136         | -                | -               | 1,70,00,136          | 33,51,654           | 2,80,151         | -               | 36,31,805            | 1,33,68,331          | 1,36,48,482          |
| Leasehold Improvements | 35,07,485           | 5,71,320         | -               | 40,78,805            | 32,14,885           | 5,78,254         | -               | 37,93,139            | 2,85,666             | 2,92,600             |
| Computers              | 96,86,750           | 10,90,087        | 1,08,880        | 1,06,67,957          | 72,44,745           | 15,81,709        | 1,08,880        | 87,17,574            | 19,50,383            | 24,42,005            |
| Office Equipment       | 47,10,397           | 2,40,216         | 21,745          | 49,28,868            | 29,44,238           | 7,93,154         | 11,942          | 37,25,450            | 12,03,418            | 17,66,159            |
| Furniture and Fixtures | 61,43,337           | 84,745           | -               | 62,28,082            | 42,19,948           | 6,01,242         | -               | 48,21,190            | 14,06,892            | 19,23,389            |
| Motor Car              | 74,80,138           | -                | -               | 74,80,138            | 31,18,050           | 9,94,750         | -               | 41,12,800            | 33,67,338            | 43,62,088            |
| <b>Total</b>           | <b>4,85,28,243</b>  | <b>19,86,368</b> | <b>1,30,625</b> | <b>5,03,83,986</b>   | <b>2,40,93,520</b>  | <b>48,29,260</b> | <b>1,20,822</b> | <b>2,88,01,958</b>   | <b>2,15,82,028</b>   | <b>2,44,34,723</b>   |

**Phonographic Performance Limited**

**Notes to Financial Statements as at and for the year ended March 31, 2018**

*Amount in Rupees, unless otherwise stated*

**Note 10**

**Intangible Assets**

| Particulars                       | Gross Block         |                 |          |                      | Amortisation        |                 |          |                      | Net Block            |                      |
|-----------------------------------|---------------------|-----------------|----------|----------------------|---------------------|-----------------|----------|----------------------|----------------------|----------------------|
|                                   | As at April 1, 2017 | Additions       | Disposal | As at March 31, 2018 | As at April 1, 2017 | For the Year    | Disposal | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Own Assets (Acquired)<br>Software | 78,05,693           | 3,00,000        | -        | 81,05,693            | 50,10,425           | 7,37,376        | -        | 57,47,801            | 23,57,892            | 27,95,268            |
| <b>Total</b>                      | <b>78,05,693</b>    | <b>3,00,000</b> | <b>-</b> | <b>81,05,693</b>     | <b>50,10,425</b>    | <b>7,37,376</b> | <b>-</b> | <b>57,47,801</b>     | <b>23,57,892</b>     | <b>27,95,268</b>     |

| Particulars                       | Gross Block         |                  |          |                      | Amortisation        |                 |          |                      | Net Block            |                      |
|-----------------------------------|---------------------|------------------|----------|----------------------|---------------------|-----------------|----------|----------------------|----------------------|----------------------|
|                                   | As at April 1, 2016 | Additions        | Disposal | As at March 31, 2017 | As at April 1, 2016 | For the Year    | Disposal | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Own Assets (Acquired)<br>Software | 57,88,332           | 20,17,361        | -        | 78,05,693            | 44,24,793           | 5,85,632        | -        | 50,10,425            | 27,95,268            | 13,63,539            |
| <b>Total</b>                      | <b>57,88,332</b>    | <b>20,17,361</b> | <b>-</b> | <b>78,05,693</b>     | <b>44,24,793</b>    | <b>5,85,632</b> | <b>-</b> | <b>50,10,425</b>     | <b>27,95,268</b>     | <b>13,63,539</b>     |

**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated***Note 18**

As at March 31, 2016, balance in current account of State Bank of Mysore, Lokhandwala, A/c no - 00000054000110353 (hereinafter referred to as SBM) and CitiBank, Mumbai, A/c no - 0343912005 (hereinafter referred to as CitiBank) had been put to temporary debit freeze by the said banks on receipt of notice by Enforcement Directorate (ED) directly, without written intimation to M/s. Phonographic Performance Limited (hereinafter referred to as PPL).

However, subsequently, ED has raised a provisional attachment order number 09/2016 (File No: ECIR/05/MBZO/2015/1329) dated June 2, 2016 for an amount of Rs.130,400,000. As per the order, bank balance amounting to Rs.130,400,000 with respect to current account balance in SBM and CitiBank amounting to Rs.120,961,770 and Rs.9,438,230 respectively, is provisionally attached under sub section (1) of Section 5 of Prevention of Money Laundering Act, 2002 for a period of 180 days from the date of this order. As per the order, the same shall not be removed, or parted with or otherwise dealt with the balance without prior permission from the deputy director. The matter was appealed before the Adjudicating Authority, Delhi.

Subsequently, during the year 2016-17, the Company has received a favorable order number 610/2016 dated November 25, 2016 from the Adjudicating Authority, Delhi stating that the provisional attachment order dated June 2, 2016 made under sub-section (1) of section 5, is not confirmed.

The ED has filed an appeal in Bombay High Court, however no stay has been granted against the Appellate Tribunal Order. The matter is sub-judice. On September 18, 2017, ED filed a criminal appeal no.987 of 2017 in Bombay High Court and filed an application for condoning delay of 28 days. Reply was filed by PPL against condonation. ED's application was accepted and their delay was condoned vide order dated November 21, 2017. No stay granted against the order of the Tribunal. The court is to give the next date of hearing, after adjournment of hearing dated July 31, 2018. The Admission of the appeal is still pending.

PPL has made application dated May 31, 2018 to The Deputy Director of Enforcement for release of amounts placed under provisional attachment under PAO 09/2018 dated June 02, 2016.

In order to cohesively work towards a common goal, of copyright owners and protect against infringement of their copyrights, seven members ( viz Saregama, Sony Music, Tips, Venus, Universal Music, Aditya Music and Times Music) have consented and the Board of the Company has resolved that an amount of Rs.130,000,000 be set aside in the ratio of royalty received by these members on account of television synchronisation income for the period January 1, 2010 to December 31,2013, from the royalties accrued to them from the company, and such amount so set aside be paid to IPRS Ltd.

Subsequent to the year end, giving effect to the said resolution, the Company has withheld a sum of Rs.130,000,000 from the royalty payable to the said seven members for the current year, out of which Rs.120,000,000 has been paid off to IPRS Ltd as of date and the final payment would be made by September 15, 2018.

|   | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Note 19</b>  |                                      |                                      |
| <b>Revenue from Operations (Net)</b>                              |                                      |                                      |
| <b>Licence Fees income of members:</b>                            |                                      |                                      |
| Broadcasting (Refer Note 24)                                      | 19,78,31,124                         | 18,27,30,733                         |
| Public Performance  | 63,87,61,228                         | 52,68,85,221                         |
| Mobile and Digital  | <u>2,28,30,490</u>                   | <u>69,09,61,981</u>                  |
|   | <u>85,94,22,842</u>                  | <u>1,40,05,77,935</u>                |
| <b>Less: Licence Fees distribution to members (Refer Note 25)</b> | <u>58,76,69,740</u>                  | <u>1,04,82,51,415</u>                |
| <b>Total</b>  | <u><b>27,17,53,102</b></u>           | <u><b>35,23,26,520</b></u>           |
| <b>Note 20</b>  |                                      |                                      |
| <b>Other Income</b>   |                                      |                                      |
| Interest Income on  |                                      |                                      |
| Fixed Deposits with Banks   | 39,20,691                            | 13,88,675                            |
| Income Tax Refund   | 36,32,042                            | 93,92,844                            |
| Liabilities no Longer Required Written Back                       | 10,82,004                            | 43,28,241                            |
| Sundry debtors written off, now recovered                         | 17,85,894                            | 75,23,451                            |
| Profit on Sale/Scrap of Fixed Assets (Net)                        | -                                    | 4,497                                |
| Miscellaneous Income  | 1,500                                | 88,023                               |
| <b>Total</b>  | <u><b>1,04,22,131</b></u>            | <u><b>2,27,25,731</b></u>            |

**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated*

|   | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Note 21</b>  |                                      |                                      |
| <b>Employee Benefits Expense</b>                                    |                                      |                                      |
| Salaries, Allowances and Bonus                                      | 9,37,61,681                          | 11,03,50,053                         |
| Contribution to Provident and Other Funds                           | 48,67,510                            | 58,77,108                            |
| Gratuity [including Prior Period expense of Rs. NIL (March 31, 2017 | 18,81,462                            | 85,28,496                            |
| Staff Welfare Expenses  | 50,69,240                            | 40,50,773                            |
| <b>Total</b>  | <b><u>10,55,79,893</u></b>           | <b><u>12,88,06,430</u></b>           |
| <b>Note 22</b>  |                                      |                                      |
| <b>Depreciation and Amortisation Expense</b>                        |                                      |                                      |
| Depreciation on Tangible Assets                                     | 37,80,998                            | 48,29,259                            |
| Amortisation on Intangible Assets                                   | 7,37,376                             | 5,85,632                             |
| <b>Total</b>  | <b><u>45,18,374</u></b>              | <b><u>54,14,891</u></b>              |
| <b>Note 23</b>  |                                      |                                      |
| <b>Other Expenses</b>   |                                      |                                      |
| Anti-piracy & enforcement costs and contribution                    | -                                    | 3,29,33,000                          |
| Electricity Charges   | 19,81,909                            | 15,67,296                            |
| Repairs and Maintenance   | 98,99,727                            | 1,05,70,174                          |
| Monitoring and Processing Expenses                                  | 12,06,161                            | 10,73,638                            |
| Rent (Refer Note 31)  | 1,00,62,925                          | 77,18,010                            |
| Rates and Taxes   | 37,22,115                            | 64,748                               |
| Swatch Bharat Cess on Service Tax                                   | 14,26,033                            | 50,12,106                            |
| Interest on Statutory Payments                                      | 21,08,191                            | 26,20,484                            |
| Insurance   | 24,879                               | 64,103                               |
| Business Promotion & Meetings                                       | 21,81,297                            | 48,35,603                            |
| Advertisement, Publicity & Gazetting                                | 32,93,938                            | 59,57,860                            |
| Printing and Stationery   | 17,12,501                            | 23,59,288                            |
| Recruitment Charges   | 19,86,566                            | 7,13,888                             |
| Travelling, Conveyance and Car Expenses                             | 2,43,17,698                          | 4,20,83,509                          |
| Legal & Litigation Costs  | 4,49,37,207                          | 6,52,26,141                          |
| Professional and Retainership Fees                                  | 2,39,65,503                          | 1,55,39,409                          |
| Payment to Auditor  |                                      |                                      |
| As Auditor:   |                                      |                                      |
| Audit Fee   | 9,00,000                             | 10,25,000                            |
| Tax Audit Fee   | 3,00,000                             | 4,00,000                             |
| Reimbursement of Expenses   | 20,000                               | 22,650                               |
| Postage, Telegram and Telephone                                     | 67,81,735                            | 87,78,111                            |
| Commission (Refer Note 33)  | 1,96,85,739                          | 1,88,61,947                          |
| Directors Sitting Fees  | 2,50,000                             | 3,35,000                             |
| Loss on Sale/Scrap of Fixed Assets (Net)                            | 13,14,011                            | -                                    |
| Miscellaneous Expenses  | 24,44,598                            | 21,94,925                            |
| <b>Total</b>  | <b><u>16,45,22,733</u></b>           | <b><u>22,99,56,890</u></b>           |

**Phonographic Performance Limited**

**Notes to Financial Statements as at and for the year ended March 31, 2018**

*Amount in Rupees, unless otherwise stated*

**Note 24**

**Broadcasting Income**

- (a) The reporting system and the Licence Fees income from AIR continues to be erratic and the same has been accounted for on cash basis in view of significant uncertainty as to ascertainment of accruals. The reports from most of the AIR stations are received with significant delay and in parts. Accordingly, the Company has accounted usage reports received during the current year.
- (b) Licence Fees income for Private Frequency Modular (FM) have been accounted for based on intimation received from parties regarding hours of broadcast for each month at agreed rates and/or at rates pursuant to interim orders of High Courts at Kolkata and Bombay. Few broadcasters made an application before the Copyright Board (CRB) in the year 2001 and 2002 for granting to them Compulsory License. The copyright Board vide order dated November 19, 2002 passed order granting compulsory license. Broadcasters and PPL who were dissatisfied with the CRB order dated November 19, 2002, moved an appeal before the Bombay High Court setting aside the CRB's aforesaid order and remanded the matter to them for re-determination before the CRB. Broadcasters moved the Supreme Court against the order dated April 13, 2004.

In the interim there was no rate that was applicable and hence the Broadcasters paid and continued to pay license fee as per the CRB Order dated November 19, 2002. The Supreme Court on May 16, 2008, issued order directing CRB to hear compulsory licensing applications afresh on case to case basis.

Accordingly, CRB completed its proceedings in compulsory licensing applications received by it from certain FM radio broadcasters and as per the directions of the Supreme Court and issued an order dated August 25, 2010 fixing the license fee as 2% of the net advertising revenue of the respective broadcaster. The Company has appealed against this order in the Madras High Court contesting the rates. As per the Supreme Court directive, the Madras High Court is expected to dispose off the case expeditiously.

The hearing before the Madras High Court has commenced during the previous year. Currently the appeal is in hearing stage. After the submissions of PPL are concluded, the broadcasters namely Entertainment Network India Limited, Music Broadcasting Limited, Rajasthan Patrika, DB Corp etc shall commence their submissions.

**Note 25**

**Licence Fees distribution to members**

Licence Fees distribution has been accounted for, to the extent of the corresponding Licence Fees income & Other income for the year after recouping all the related expenses.

|  | <u>Year Ended</u><br><u>March 31, 2018</u> | <u>Year Ended</u><br><u>March 31, 2017</u> |
|--|--|--|
|--|--|--|

**Note 26**

**Expenditure in Foreign Currency**

|                     |   |        |
|---------------------|---|--------|
| Travelling Expenses | - | 75,269 |
|---------------------|---|--------|



**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated***Note 27**

During the year, Shri Puran Multi Media Ltd (SPMML - Broadcaster) and Music Broadcasting Limited (MBL) moved an application for merger. However SPMML is liable to pay Rs.42,917,266 to Phonographic Performance Limited (PPL) in case of judgement in favour of PPL in the Hon'ble Madras High Court in relation to outstanding litigation concerning CRB Order.

PPL filed an appeal in Allahabad High Court against sanctioning of the scheme of Merger stating its concern for receipt of the amount stated above. In the said appeal, delay was condoned and stay was granted against the merger. MBL immediately approached the Supreme Court and pursuant to an order dated August 21, 2017 by Supreme Court MBL has paid a sum of Rs.20,000,000 to PPL, the same has been deposited in Fixed deposits with State Bank of India, Lokhandwala Branch, Mumbai and remaining amount of Rs.22,917,266 has been secured by way of a bank guarantee of a nationalized bank which has been furnished to the Bombay High Court by MBL. The same will kept alive during the pendency of the suit.

**Note 28****Employee Benefits Expense****(A) Defined Contribution Plans**

Amount recognised in the Statement of Profit and Loss

|   |           |           |
|---|-----------|-----------|
| Employers' Contribution to Provident Fund   | 48,67,510 | 58,77,108 |
| (Includes Administrative Charges, EDLI charges and Employers' Contribution to Employee's Pension Scheme 1995) |           |           |

**(B) Defined Benefit Plan****(a) Gratuity**

The Gratuity scheme is funded through New Group Gratuity cash Accumulation Plan from the LIC. The adequacy of accumulated fund balance available with LIC has been compared with actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid. Every employee is entitled to a benefit in line with the Payment of Gratuity Act, 1972 and Gratuity Trust Deed of the Company. The same is payable at the type of separation from the Company or retirement, which ever is earlier. The benefits vest after five years of continuous service.

|  | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
|--|--------------------------------------|--------------------------------------|
| <b>(i) Present Value of Defined Benefit Obligation</b> |                                      |                                      |
| Balance at the beginning of the Year                   | 2,36,21,582                          | 1,53,44,550                          |
| Prior Period Liability                                 | -                                    | 42,56,187                            |
| Liability Transferred Out/ Divestments                 | (26,03,211)                          | -                                    |
| Current Service Cost                                   | 37,26,013                            | 19,77,873                            |
| Interest Cost  | 18,09,413                            | 12,21,426                            |
| Actuarial Loss / (Gain)                                | (31,97,313)                          | 15,97,381                            |
| Benefits Paid  | (1,62,84,007)                        | (7,75,835)                           |
| <b>Balance at the end of the Year</b>                  | <b><u>70,72,477</u></b>              | <b><u>2,36,21,582</u></b>            |
| <b>(ii) Fair Value of Plan Assets</b>                  |                                      |                                      |
| Balance at the beginning of the Year                   | 99,94,866                            | 86,94,868                            |
| Expected Return on Plan Assets                         | 7,65,607                             | 6,92,111                             |
| Actuarial (Loss) on Plan Assets                        | (3,08,956)                           | (1,67,740)                           |
| Contributions  | 23,65,877                            | 15,51,462                            |
| Assets Transferred Out/ Divestments                    | (26,03,211)                          | -                                    |
| Benefits Paid  | (74,53,771)                          | (7,75,835)                           |
| <b>Balance at the end of the Year</b>                  | <b><u>27,60,412</u></b>              | <b><u>99,94,866</u></b>              |
| Actual return on Plan Assets                           | 4,56,651                             | 5,24,371                             |

**Phonographic Performance Limited**

**Notes to Financial Statements as at and for the year ended March 31, 2018**

Amount in Rupees, unless otherwise stated

|   | <u>As at<br/>March 31, 2018</u>             | <u>As at<br/>March 31, 2017</u>             |                                      |                                      |                                      |
|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>(iii) Assets and Liabilities recognised in the Balance Sheet</b>   |   |   |                                      |                                      |                                      |
| Present Value of Obligation   | 70,72,477                                   | 2,36,21,582                                 |                                      |                                      |                                      |
| Less: Fair Value of Plan Assets   | <u>(27,60,412)</u>                          | <u>(99,94,866)</u>                          |                                      |                                      |                                      |
| <b>Amount recognised as liability</b>   | <u><b>43,12,065</b></u>                     | <u><b>1,36,26,716</b></u>                   |                                      |                                      |                                      |
| Recognised under:   |   |   |                                      |                                      |                                      |
| Long-Term Provisions (Refer Note 5)   | 15,93,831                                   | 92,96,903                                   |                                      |                                      |                                      |
| Short-Term Provisions (Refer Note 8)  | <u>27,18,234</u>                            | <u>43,29,813</u>                            |                                      |                                      |                                      |
| <b>Total</b>  | <u><b>43,12,065</b></u>                     | <u><b>1,36,26,716</b></u>                   |                                      |                                      |                                      |
|   | <u><b>Year Ended<br/>March 31, 2018</b></u> | <u><b>Year Ended<br/>March 31, 2017</b></u> |                                      |                                      |                                      |
| <b>(iv) Expenses recognised in the Statement of Profit and Loss</b>   |   |   |                                      |                                      |                                      |
| Net Prior Period Items*   | -   | 42,56,187                                   |                                      |                                      |                                      |
| Current Service Cost  | 37,26,013                                   | 19,77,873                                   |                                      |                                      |                                      |
| Interest Cost   | 18,09,413                                   | 12,21,426                                   |                                      |                                      |                                      |
| Expected Return on Plan Assets  | (7,65,607)                                  | (6,92,111)                                  |                                      |                                      |                                      |
| Actuarial Loss /(Gain)  | <u>(28,88,357)</u>                          | <u>17,65,121</u>                            |                                      |                                      |                                      |
| <b>Total Expense</b>  | <u><b>18,81,462</b></u>                     | <u><b>85,28,496</b></u>                     |                                      |                                      |                                      |
| <b>(v) Major Category of Plan Assets as a % of total Plan Assets</b><br>Administered by Life Insurance Corporation of India |   |   |                                      |                                      |                                      |
| <b>(vi) Actuarial Assumptions</b>   |   |   |                                      |                                      |                                      |
| Discount Rate   | 7.87%                                       | 7.66%                                       |                                      |                                      |                                      |
| Expected Return on Plan Assets  | 7.87%                                       | 7.66%                                       |                                      |                                      |                                      |
| Salary Growth Rate  | 7.00%                                       | 7.00%                                       |                                      |                                      |                                      |
| <b>(vii) Amounts recognised in current year and previous four Periods</b>   |   |   |                                      |                                      |                                      |
|   | <u>Year Ended<br/>March 31, 2018</u>        | <u>Year Ended<br/>March 31, 2017</u>        | <u>Year Ended<br/>March 31, 2016</u> | <u>Year Ended<br/>March 31, 2015</u> | <u>Year Ended<br/>March 31, 2014</u> |
| Present value of Obligation   | 70,72,477                                   | 2,36,21,582                                 | 1,53,44,550                          | 1,32,50,152                          | 93,22,845                            |
| Fair value of plan assets   | 27,60,412                                   | 99,94,866                                   | 86,94,868                            | 74,19,625                            | 59,11,024                            |
| Deficit/ (Surplus)  | 43,12,065                                   | 1,36,26,716                                 | 66,49,682                            | 58,30,527                            | 34,11,821                            |
| Experience Adjustments :  |   |   |                                      |                                      |                                      |
| (Gain) / Loss on plan   | (29,93,598)                                 | 8,89,440                                    | (5,03,202)                           | 5,33,406                             | (8,77,298)                           |
| Obligation  |   |   |                                      |                                      |                                      |
| Gain / (Loss) on plan assets  | (3,08,956)                                  | (1,67,740)                                  | (71,381)                             | (60,203)                             | 12,336                               |
|   | <u><b>Year Ended<br/>March 31, 2018</b></u> | <u><b>Year Ended<br/>March 31, 2017</b></u> |                                      |                                      |                                      |
| <b>(viii) Expected Contribution to the Gratuity Fund in the next year</b>   |   |   |                                      |                                      |                                      |
| Gratuity  |   |   | 27,18,234                            | 43,29,813                            |                                      |
| <b>(b) Compensated Absences</b>   |   |   |                                      |                                      |                                      |
| Expense recognised in the Statement of Profit and Loss [(Refer Note 21) under Salaries, Allowances and Bonus]**             |   |   | 22,84,511                            | 60,77,323                            |                                      |

\* As per the Gratuity Trust Deed of the Company, employees are eligible for one month basic salary as gratuity instead of 15 days as per Payment Of Gratuity Act, 1972 for each year of service in excess of 10 years. However up to March 31, 2016 Gratuity liability was calculated based on the 15 days criteria as per Payment of Gratuity Act, 1972. Impact due to change of scheme in calculating present value of obligation is recognised as prior period adjustment in FY 2016-17.

\*\* During the FY 2016-17, the Company had revised its Compensated Absence policy. Employees are eligible to carry forward Privilege Leave upto 60 days instead of 40 days.

**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated***Note 29****Segment Reporting**

In accordance with Accounting Standard - 17, "Segmental Reporting", the Company has determined its business segment as issuing or granting licence in respect of sound recording works and all other activities ancillary or incidental thereto and there are no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2018. The Company is considered to be operating in one geographical segment.

**Note 30****Related Party Disclosures**

(a) Name of related parties and nature of relationship:

|                           |  |
|---------------------------|--|
| Key Management Personnel: | Mr. Vipul Pradhan, Chief Executive Officer (CEO) (upto September 30, 2017)   |
|                           | Mr. Suresh Srinivasan, Chief Operating Officer (COO) (upto January 15, 2018) |
|                           | Mr. Rajat Kakar, President and CEO (w.e.f January 1, 2018)                   |
|                           | Mrs. Janet Serrao Agarwal, Chief Financial Officer (CFO)                     |
|                           | Mr. Ghanashyam Bhagwan Aayeer, Director (upto May 29, 2018)                  |
|                           | Mr. Shridhar Subramanian, Director (upto March 1, 2018)                      |
|                           | Mr. Ganesh Chaganlal Jain, Director (upto April 1, 2018)                     |
|                           | Mr. Savan Lal Saha, Director (upto October 27, 2017)                         |
|                           | Mr. Umesh Gupta, Director (upto November 24, 2017)                           |
|                           | Mr. Devraj Saugata Sanyal (upto January 24, 2018)                            |
|                           | Mr. Vinit Harish Thakkar, Director (w.e.f January 24, 2018)                  |
|                           | Mr. Sanujeet Bhujbal, Director (w.e.f April 16, 2018)                        |
|                           | Mr. Ajit Kumar, Director (w.e.f May 29, 2018)                                |
|                           | Mr. Kumar Sadhuram Taurani, Director   |
|                           | Mr. Mandar Ramesh Thakur, Director   |

(b) The following transactions were carried out during the period with the related parties in the ordinary course of the business:

| <b>Nature of Transaction</b>       | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
|------------------------------------|--------------------------------------|--------------------------------------|
| <b>Salaries and Allowances</b>     |                                      |                                      |
| Mr. Vipul Pradhan, CEO             | 1,48,90,551                          | 1,25,65,738                          |
| Mr. Suresh Srinivasan, COO         | 1,38,05,548                          | 99,28,210                            |
| Mr. Rajat Kakar, President and CEO | 36,06,350                            | -                                    |
| <b>Director Fee</b>                |                                      |                                      |
| Mr. Shridhar Subramaniam           | 40,000                               | 60,000                               |
| Mr. Ganesh Chaganlal Jain          | 30,000                               | 55,000                               |
| Mr. Kumar Sadhuram Taurani         | 35,000                               | 60,000                               |
| Mr. Devraj Saugata Sanyal          | 20,000                               | 45,000                               |
| Mr. Ghanashyam Bhagwan Aayeer      | 35,000                               | 30,000                               |
| Mr. Mandar Ramesh Thakur           | 40,000                               | 25,000                               |
| Mr. Vinit Harish Thakkar           | 5,000                                | -                                    |
| Mr. Umesh Gupta                    | 25,000                               | 30,000                               |
| Mr. Savan Lal Saha                 | 20,000                               | 30,000                               |

**Note 31****Leases:****As a Lessee:**

## Operating Lease

The Company has entered into cancellable leasing arrangements for premises. The Company's significant leasing arrangements are in respect of office premises/public performance facilitation counters taken on lease. The arrangements range between 11 months to 3 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

|   | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
|---|--------------------------------------|--------------------------------------|
| Lease payments recognised in the Statement of Profit and Loss during the year | 1,00,62,925                          | 77,18,010                            |

**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated***Note 32****Due to Micro and Small Enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follow:

|   | <u>As at</u><br><u>Mar 31, 2018</u> | <u>As at</u><br><u>Mar 31, 2017</u> |
|---|-------------------------------------|-------------------------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.   | 1,351                               | 67,813                              |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.   | -                                   | -                                   |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.                                 | -                                   | -                                   |
| Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year. | -                                   | -                                   |
| Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.            | -                                   | -                                   |
| Interest due and payable towards suppliers registered under MSMED Act for payments already made.  | -                                   | -                                   |
| Further interest remaining due and payable for earlier years.   | -                                   | -                                   |

**Note 33**

Commission represents commission paid/payable to canvassing agents vide individual agreements towards services provided by them in relation to Public Performance Licence Revenue.

**Note 34**

Pursuant to the 2012 Amendment to the Copyright Act with effect from June 21, 2012, more specifically in Chapter VII and the newly inserted second proviso to Section 33 (3A) read with the new Copyright Rules 2013, seeking Copyright Societies to re-register, the Company, had within the one year period available to apply for re-registration, applied for the same on May 10, 2013. Since the Company did not get any response from the Central Government and in view of the legal implication arising therefrom, the Company, vide its letter to the Central Government dated May 20, 2014 has, inter alia, withdrawn its application for re-registration and has declared to have ceased to be a 'copyright society' under Chapter VII and Section 33 of the Copyright Act, as amended.

Till date, the Company is not in receipt of written communication or Order from the registering authority viz. Central Government on the application filed by the Company for de-registration as a Copyright Society under Copyright Society Act.

In terms of Section 18 (2) of the Copyright Act, where the assignee of a copyright becomes entitled to any right comprised in the copyright, the assignee with respect to the rights so assigned, shall be treated for the purposes of this Act as the owner of copyright and the provisions of this Copyright Act shall have effect accordingly. On the strength of the provisions of Section 18 (2), the Company, backed by a written legal opinion, believes that the ownership by assignment will be exempt from the provisions of Section 33 (1) and had completed procedures to obtain such assignment of the copyrights by the members to the Company and continues to engage in the business of issuing/granting licences.

As per the Board Meeting held on November 21, 2017, it was resolved that subject to the approval of the members of the company, the company do pursue its application for re-registration as a copyright society with the Central Government under Section 33 of the Copyright Society Act, for sound recording and, to this end, also review its existing Articles of Association under guidance from experts or advisers. Subsequently approval has been obtained from the members, however there are no further proceedings on the same.

**Phonographic Performance Limited****Notes to Financial Statements as at and for the year ended March 31, 2018***Amount in Rupees, unless otherwise stated***Note 35**

Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016:

|  | <b>SBNs*</b> | <b>Other<br/>denomination<br/>notes</b> | <b>Total</b>    |
|--|--------------|---|-----------------|
| Closing cash in hand as on 8 November 2016         | 6,08,500     | 2,23,685                                | 8,32,185        |
| Add: Permitted receipts                            | -            | 6,84,269                                | 6,84,269        |
| Less: Permitted payments                           | -            | 6,24,944                                | 6,24,944        |
| Less: Amount deposited in Banks                    | 6,08,500     | -                                       | 6,08,500        |
| <b>Closing cash in hand as on 30 December 2016</b> | <b>-</b>     | <b>2,83,010</b>                         | <b>2,83,010</b> |

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

**Note 36**

Pursuant to the resolution passed at the Extra Ordinary General Meeting held on June 17, 2016, the Company ceased to grant and issue new licences, or renewals and terminated existing licences for Mobile Telecom and Digital/ Internet/ Online sector with effect from April 1, 2017.

**Note 37**

Previous year figures have been reclassified to conform to this year's classification.

The Notes are an integral part of these Financial Statements.

As per our report of even date.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

Sd/-

**Asha Ramanathan**

Partner

Membership No. 202660

**For and on behalf of the Board of Directors of  
Phonographic Performance Limited**

Sd/-

**Mandar Thakur**

Director

DIN. 05333792

Sd/-

**Vinit Thakkar**

Director

DIN. 08050943

Place: Mumbai

Date: 31st August 2018

Place: Mumbai

Date: 28th August 2018

Place: Mumbai

Date: 28th August 2018